

Fiscal Services Division Legislative Services Agency Fiscal Note

SF 2149 - Raffle Prize Amounts (LSB 6344 SV)
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Fiscal Note Version – As Amended and Passed by the Senate

Description

Senate File 2149, as amended and passed by the Senate, makes changes concerning bingo and raffles. The Bill allows trade-in of bingo cards for not more than fifty cents and establishes that in any 24-hour period there can be two jackpot bingo games at a prize level of \$1,000 for the first and \$2,500 for the second. The Bill also allows an annual raffle, or a raffle conducted by a statewide raffle licensee, to award a top prize of \$200,000.

Assumptions

1. The number of complaints related to bingo games and raffles will quadruple from 25 per month to 100 per month due to trade-in bingo cards, increased jackpot levels, and allowing cash raffles with a prize of up to \$200,000.
2. License sales for raffles are expected to increase 5.0% annually, approximately 25 to 30. Bingo licenses are not expected to increase.
3. Licensees must hold a statewide license costing \$150 and must pay a special application fee of \$100 for any raffle with a prize of \$100,000 or more.
4. Upon completion of the raffle, the licensee must submit a separate report on the proceeds of the raffle and pay 1.0% of the gross raffle receipts. The fees from the 1.0% will be retained by the department to cover the costs of required special audits.
5. A cash raffle with a prize of \$200,000 will be in direct competition with the lottery games with a \$100,000 top prize and may also result in loss of purchases of other lottery games.
6. The Iowa State Lottery has annual revenue from all games of approximately \$200.0 million. Of this amount, the General Fund receives approximately \$50.0 million and the Gambler's Treatment Fund receives \$600,000.
7. Lottery sales from all games may be reduced by up to \$3.3 million annually. Of that amount, the General Fund may realize a reduction of up to \$1.0 million.

Fiscal Impact

Senate File 2149, as amended and passed by the Senate, may result in a reduction in lottery sales from all games of up to \$3.3 million annually. The General Fund reduction in lottery revenues may be up to \$1.0 million annually of the \$3.3 million total reduction.

There will also be an increase in revenue to the General Fund of approximately \$6,500 the first year and \$11,000 the second year from increased sale of licenses for raffles.

There would be an increase in expenditures of \$72,000 the first year and \$55,000 the second year for 1.0 FTE position and support to the Department of Inspections and Appeals (DIA).

The amount DIA will receive from the 1.0% of the gross revenue on each raffle over \$100,000 cannot be determined, however, it is anticipated that the amount will be sufficient to cover the audit costs.

Sources

Iowa State Lottery
Department of Inspections and Appeals

Dennis C Prouty

March 15, 2004

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.
